# OECD Green Growth Strategy & Resource Policy

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# The Green Growth Strategy

- Requested by **Ministers of Finance, Economy & Trade** in 2009, when they agreed a Green Growth Declaration.
- **Multi-disciplinary inter-governmental process**, involving 25 OECD Committees: delegates from Ministries of Finance, Economy, Environment, Agriculture Development Co-operation, Industry, etc.
- **Key deliverables** for the 2011 MCM (25-26 May 2011):
  - Synthesis Report: *Towards Green Growth*
    - Toolkit*: Tools for delivering on green growth*
    - Communication from the "Freedom of Investment Roundtable"
  - Indicators Report: *Towards Green Growth: Measuring Progress – OECD Indicators*
- But it is **just the start…**
  - GG sections in country Economic Surveys & Environmental Performance Reviews
  - GG and... Food and Agriculture, Energy, Innovation, Development, Biodiversity, Water, Cities, etc.

# What is green growth?

***Green growth means fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. It catalyses investment and innovation which will underpin sustained growth and give rise to new economic opportunities.***

- **Green Growth and Sustainable Development:**
  - Green growth can contribute to achieving sustainable development ➡ it is an **operational policy framework** to help achieve concrete, measurable progress.
  - Green growth fosters innovation, investment and competition ➡ can give rise to **new sources of economic growth.**
  - While ensuring that **natural assets continue to provide the resources and environmental services** on which our well-being relies.
  - Green growth strategies need to pay attention to **social issues and equity concerns** resulting from greening the economy, to manage the transition.

# The risks of not going green: shocks to food supply

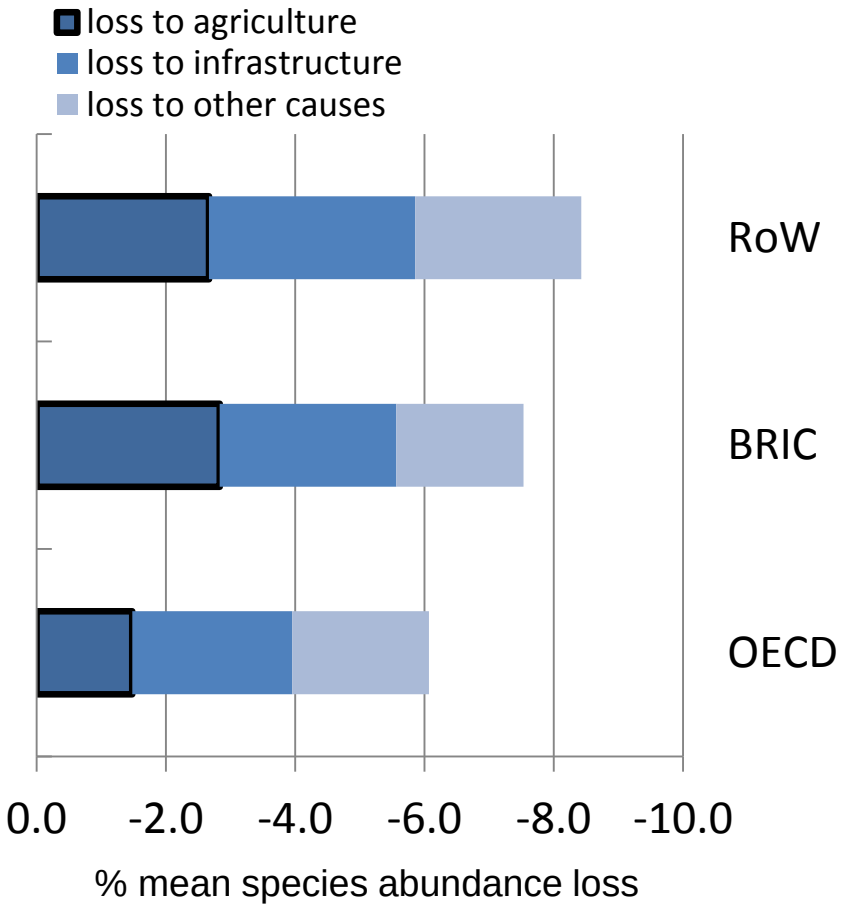
## Pressures on natural capital from food production

By 2030, business as usual:

- Production +35%
- Land +6%
- Land at risk of erosion + 17%
- Water scarcity +30%

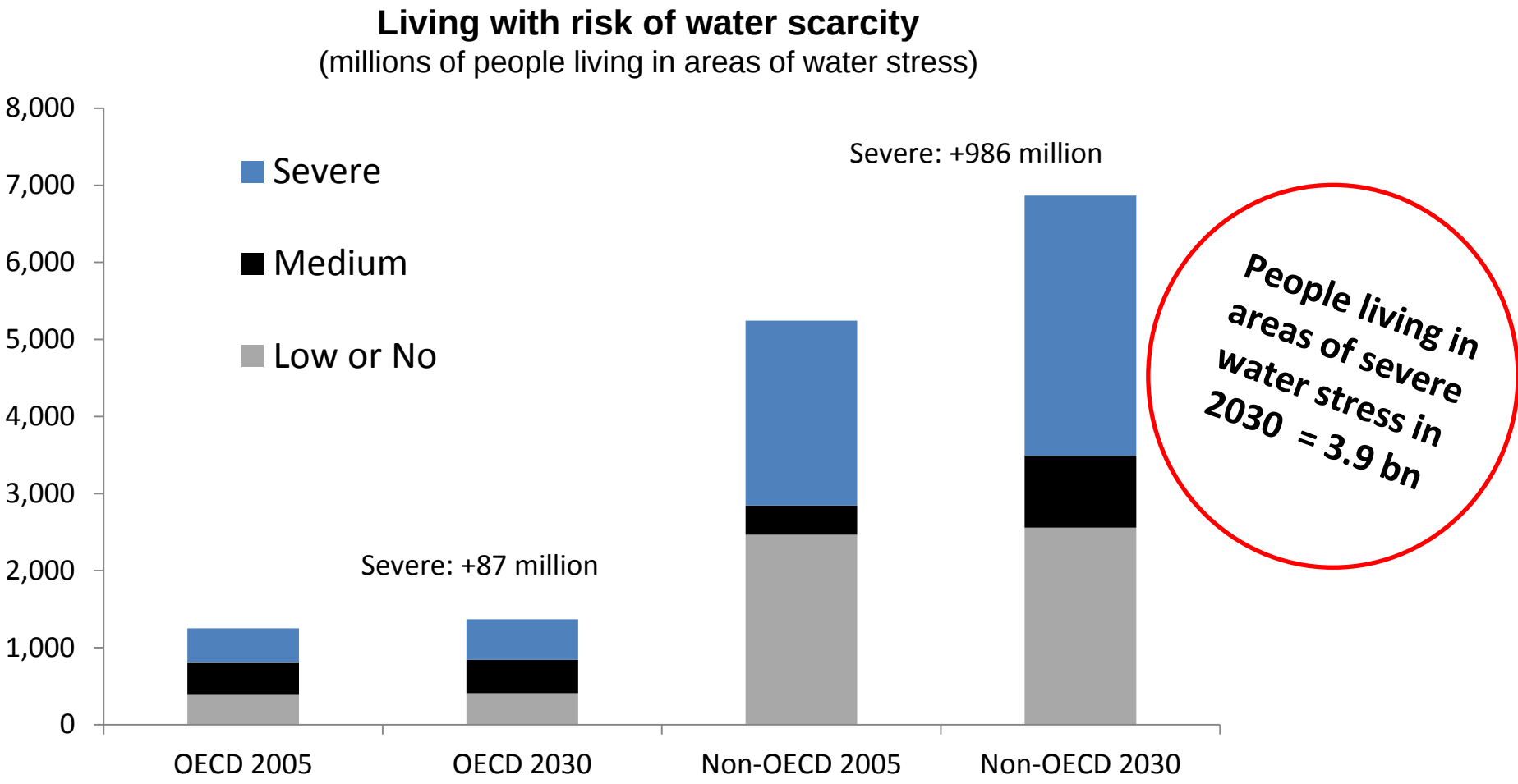
## Biodiversity loss

(2000-2030)




**Source:** OECD (2008), *OECD Environmental Outlook to 2030*

# The risks of not going green: water scarcity




**Source:** OECD (2008), *OECD Environmental Outlook to 2030*

# *Towards Green Growth*: structure (1)

**The need for green growth strategies**

- Reframing growth
- Green growth dividends: fostering new markets and activities; raising resource efficiency
- Systemic risks and imbalances

**Policy framework for green growth**

- Policy design considering cross-country differences
- Market instruments: taxes and permits, subsidies
- Regulations and the regulatory environment
- Measures for enabling changes in consumer behaviour
- Innovation policies
- Infrastructure investments: energy, transport, water
- Institutional and governance arrangements

**Promoting the transition**

- Ensure smooth and just labour market transition
- Address distributional concerns of firms and households
- Promote international co-operation for green growth

**Greener growth**

# *Towards Green Growth:* structure (2)

**Measuring progress**

- Measurement framework and principles
- Emerging messages: relative but not absolute decoupling
- Other measurement issues, *e.g.* availability of internationally comparable data

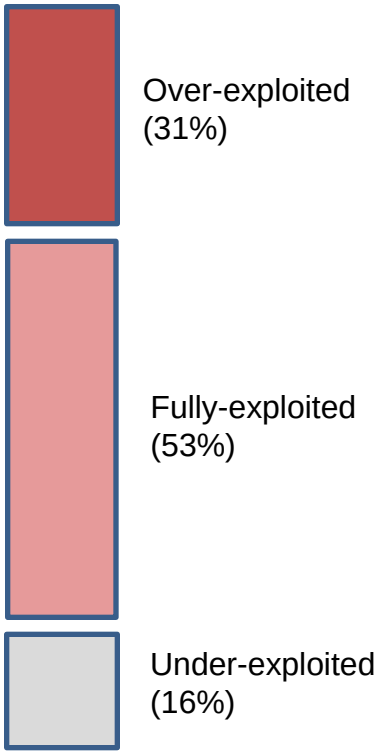
**Delivering on green growth**

- Mainstream green growth policies in government policies, *e.g.* green growth toolkits
- Identify country-specific policy priorities, *e.g.* country reviews, GG reports for emerging and developing economies
- Issue-specific and sector-specific studies, *e.g.* food and agriculture, energy sector, water, etc

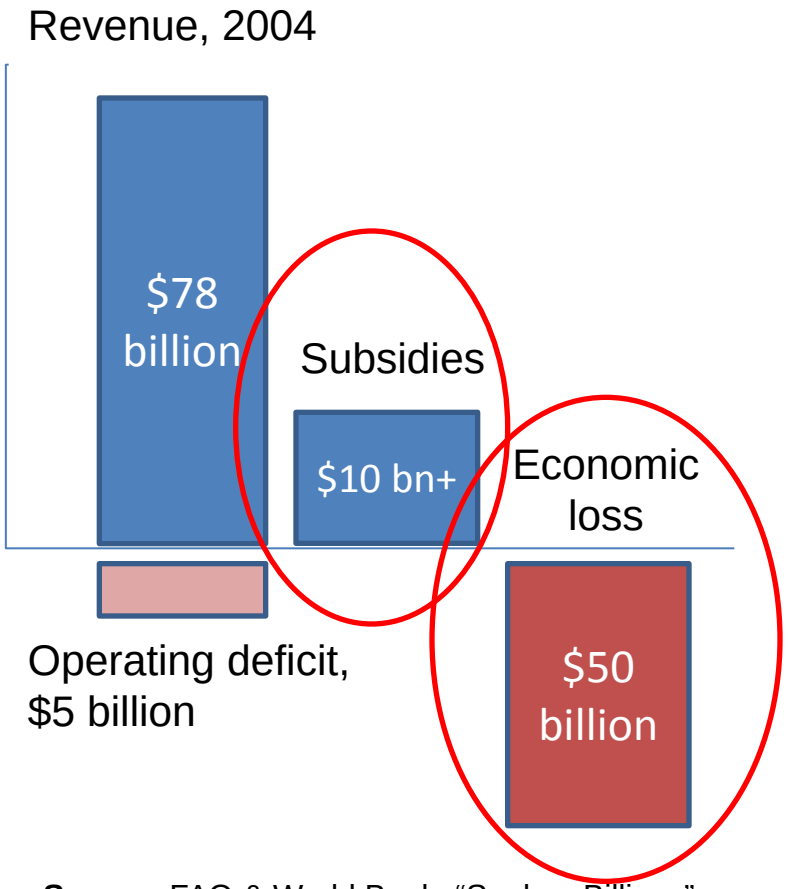
**Greener growth**

# How we are squandering resources: the case of fishing

**State of catch fisheries, 2008**



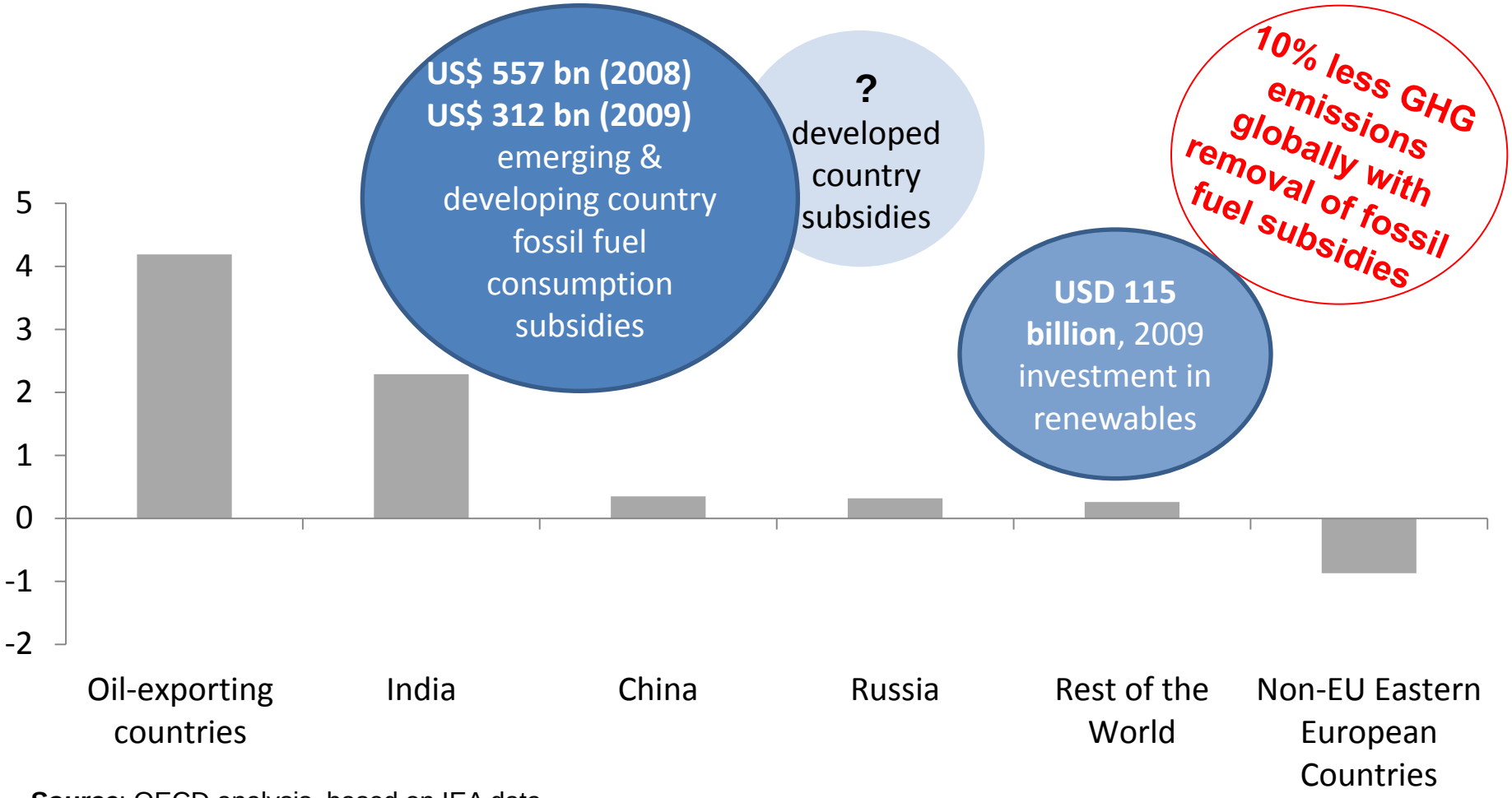

**Source**: FAO




**Source**: FAO & World Bank, "Sunken Billions"

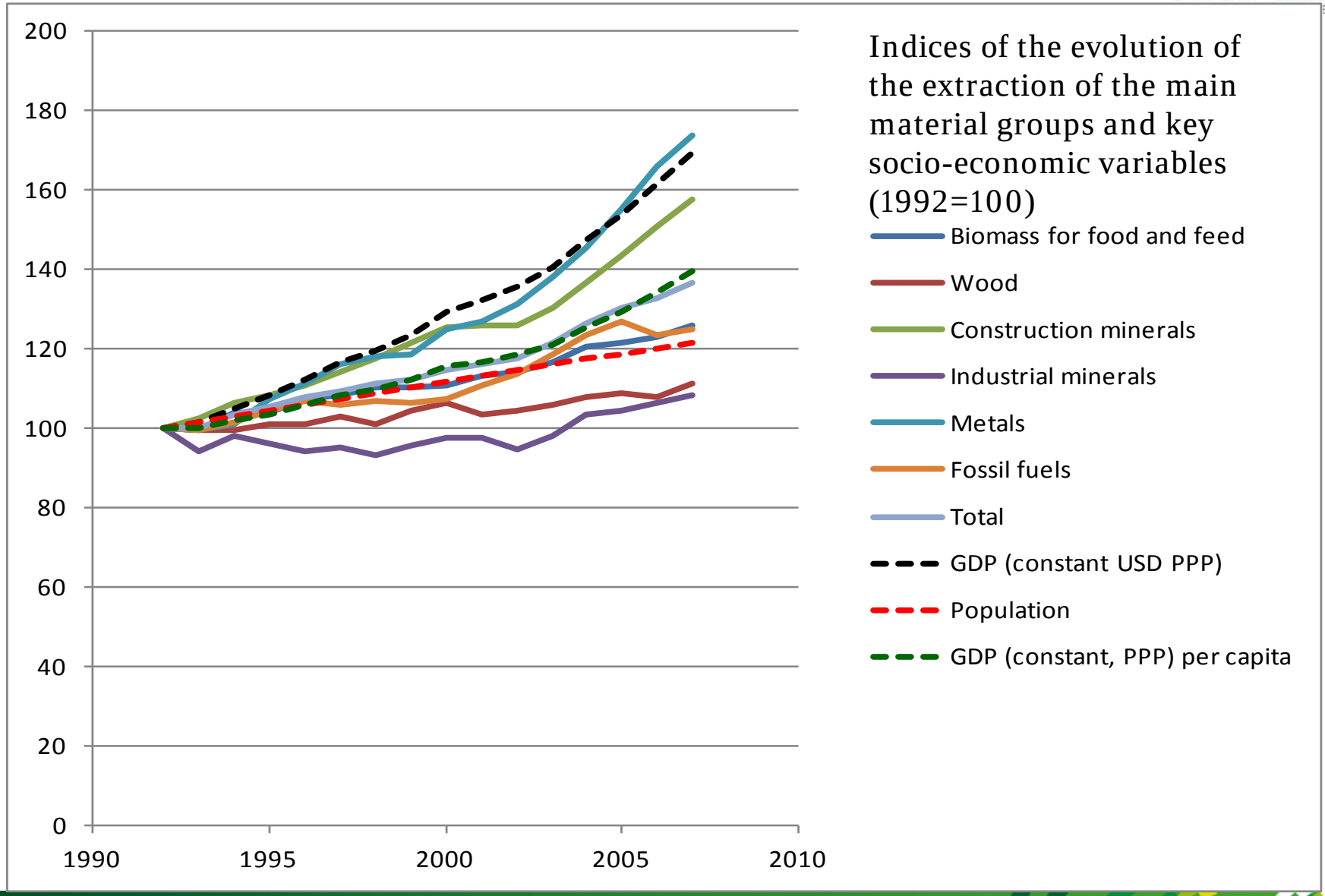
# Fossil fuel subsidies: encouraging CO2 emissions

**Income gains from unilateral fossil fuel subsidy removal** (% change in household income vs BAU)

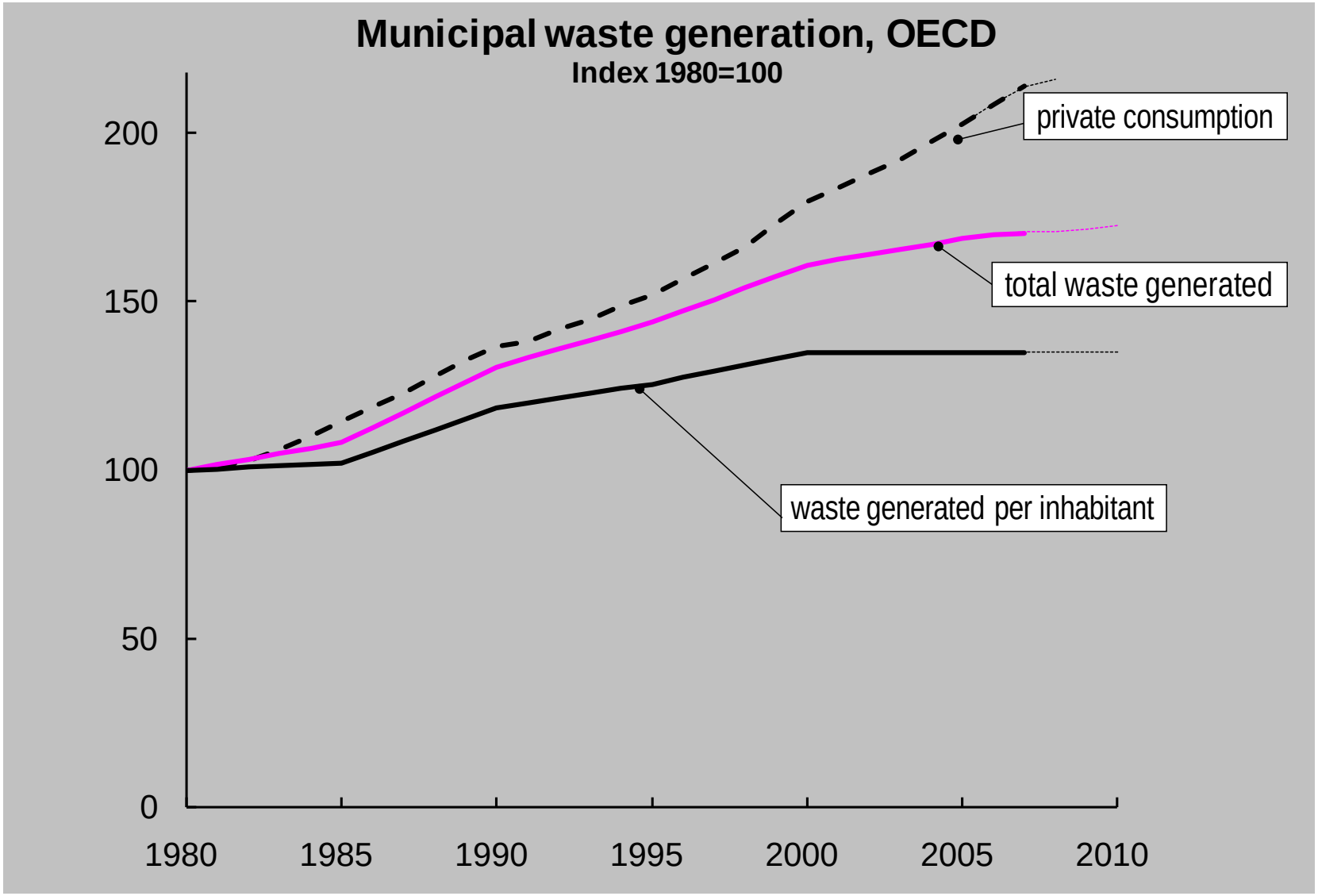



***Source***: OECD analysis, based on IEA data

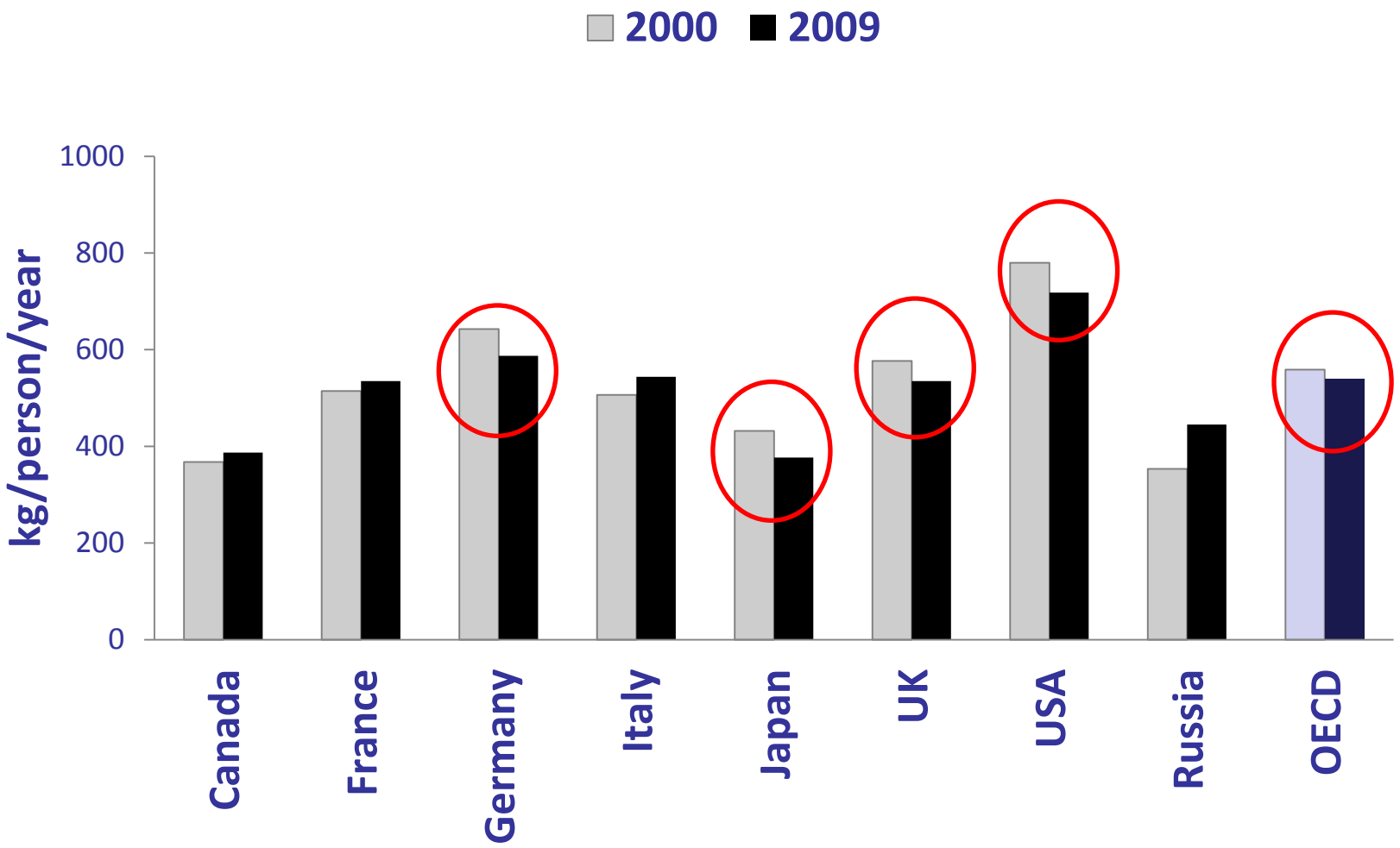
# Are we decoupling resource use from GDP?



# Are we decoupling municipal waste generation ?



# But there is some success.... per capita MSW generation in selected countries



# Sustainable Materials Management (SMM)

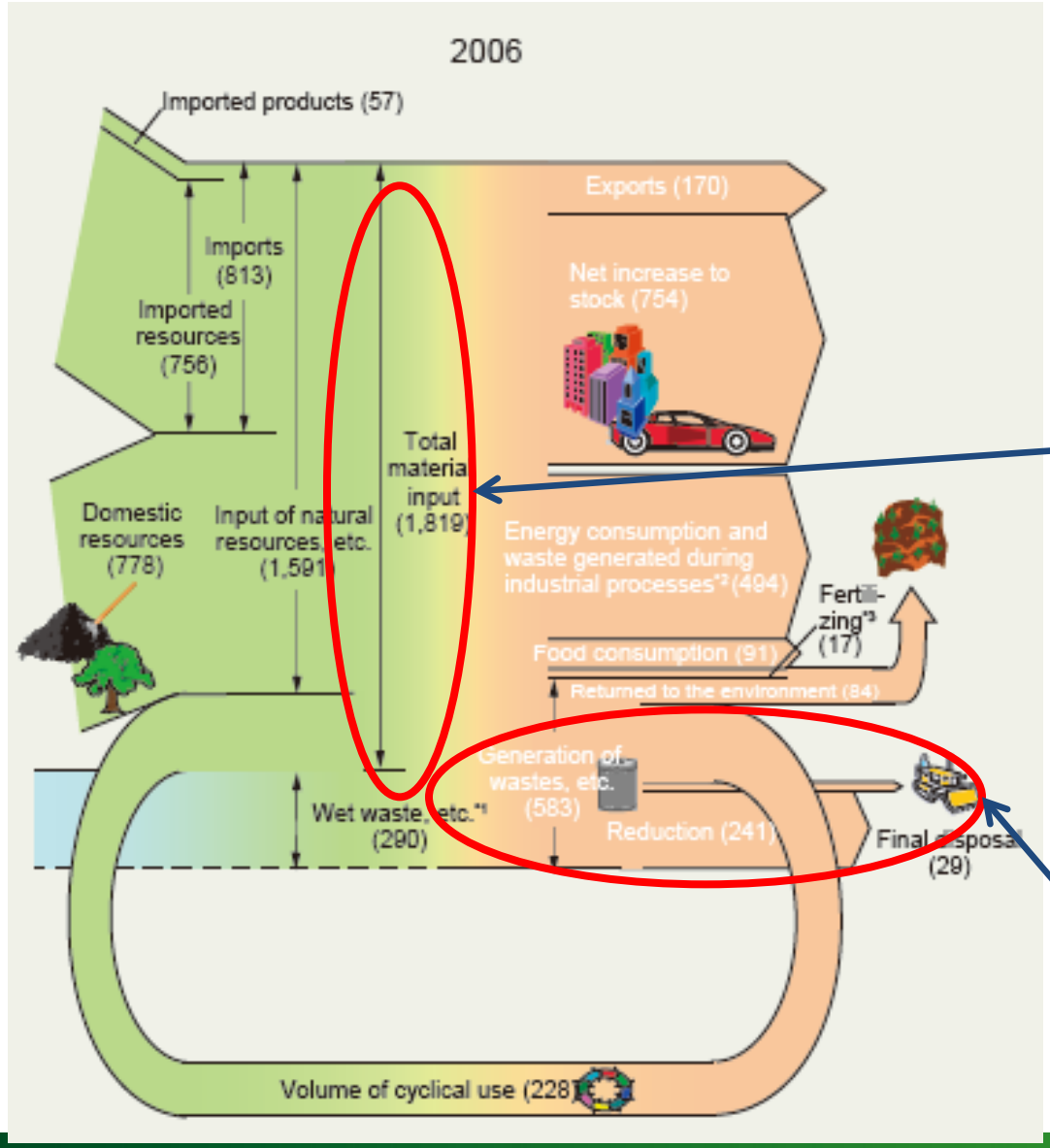
**Working definition :**

*"Sustainable Materials Management is an approach to promote sustainable materials use, integrating actions targeted at reducing negative environmental impacts and preserving natural capital throughout the life-cycle of materials, taking into account economic efficiency and social equity."*

**OECD work:**

- Global Forum Conference on SMM (Mechelen, Belgium, Oct 2010)
- Case studies on priority materials (aluminium, critical metals, plastics fibres)
- Synthesis of Main Messages learned
- May 2011 Report back to G8 Leaders on *Resource Productivity in the G8 and the OECD.*
- Report on the *State of Resources and Resource Productivity* (end 2011)

# SMM: Need to look at the full life-cycle of materials




Need to look at **the resources that enter our economies** and how those resources are used in Production and Consumption systems

Cannot solve the resource problems by looking at the waste stream alone

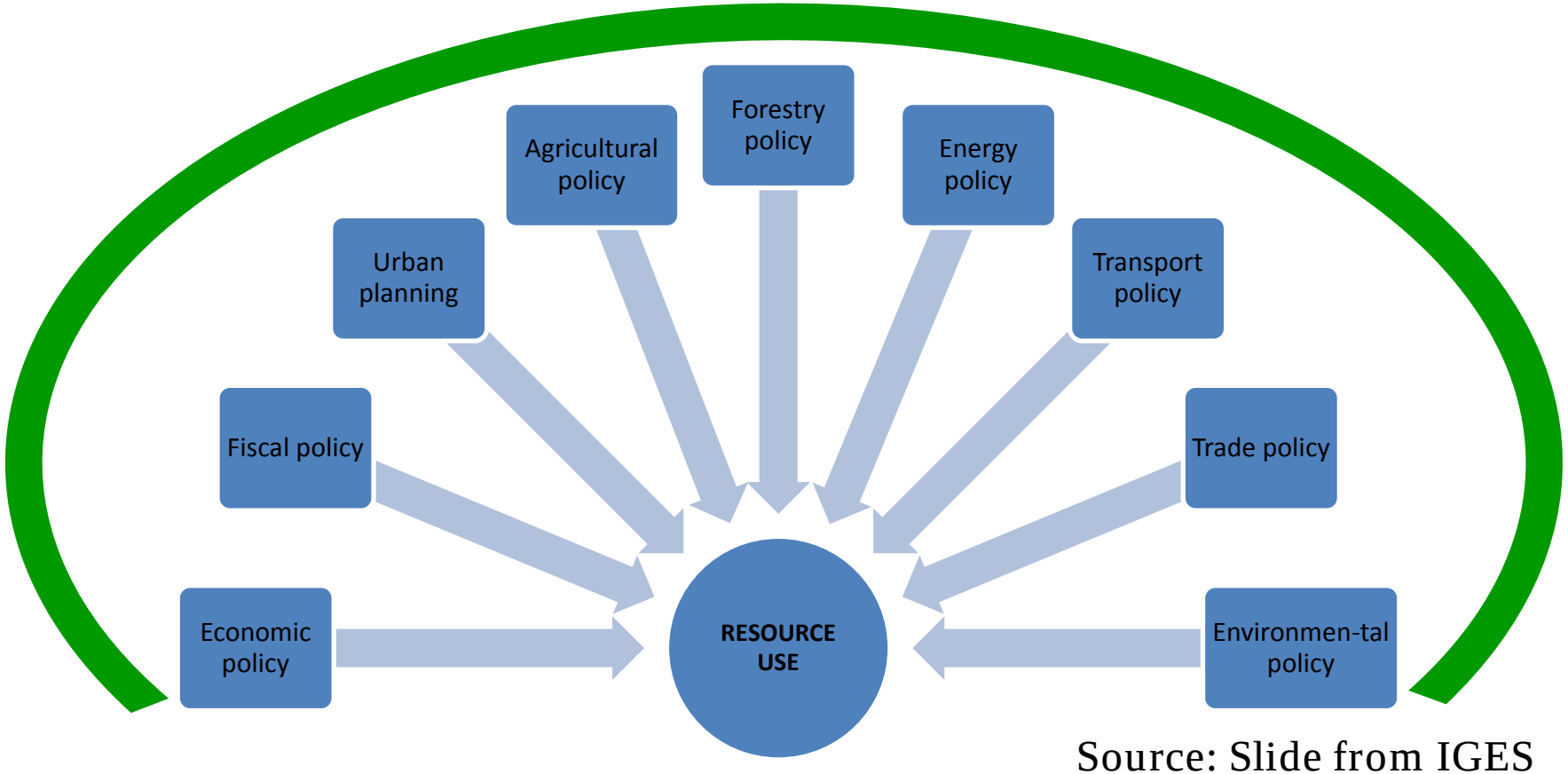


Source: Slide from IGES
Material flows in Japan. *Source: MOEJ*

## SMM: Comprehensive Policy Frameworks are Needed

**Partnerships need to start within the Government itself**

– Targeting resource flows at all life-cycle stages
– Addressing the drivers of unsustainable resource consumption in all key sectors
– This requires: **Policy Integration**




Source: Slide from IGES

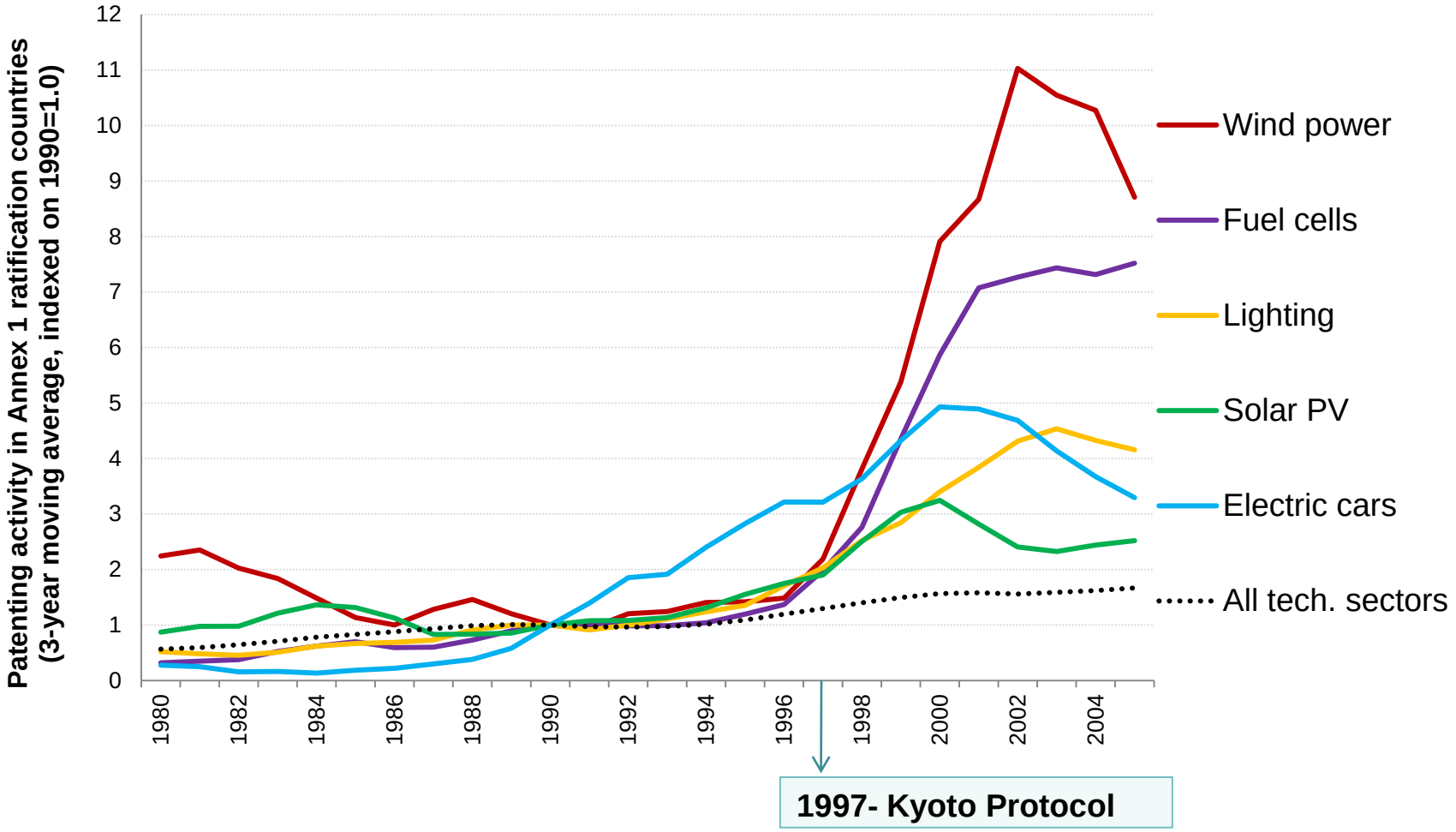
## A range of policy instruments are available...

- **Economic instruments**
  - Internalise costs of resource use or waste & pollution; incentives for innovation
  - Charges for use of natural resources and waste collection, deposit-refund schemes, subsidies and reform of environmentally-harmful subsidies, cap & trade
- **"Command and control" instruments**
  - Bans, technology standards, compulsory take-back, recycled content standards
- **Information provision and voluntary approaches**
  - eg eco-labels

## … but the mix of policy instruments is key

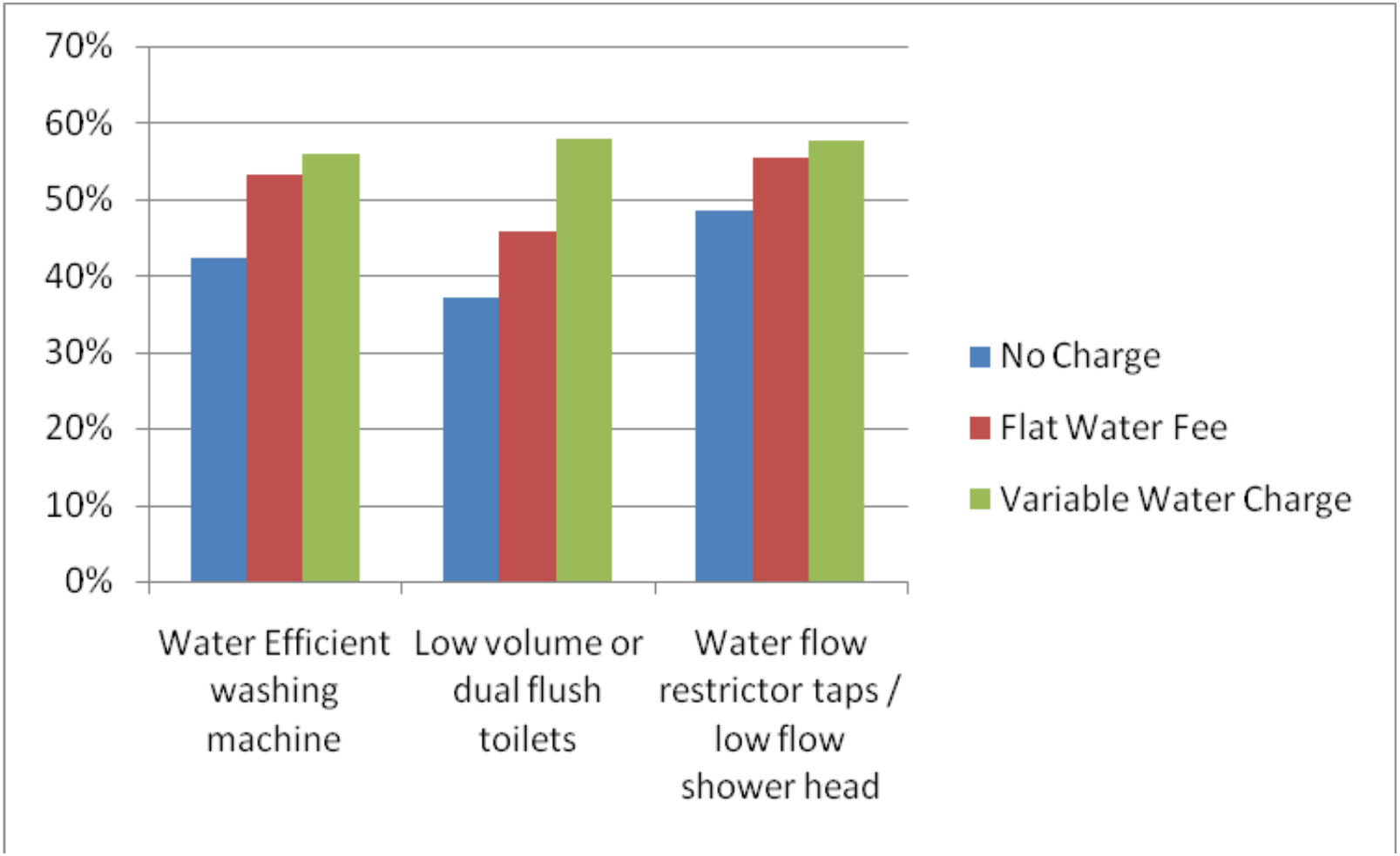
- Often no silver bullet ➡ a **mix of instruments** is necessary
  - What is the optimal mix to achieve environmental effectiveness and economic efficiency?
- Need to co-ordinate instruments to **ensure they are complementary**
- Do **overlapping instruments** provide additional benefits for environmental effectiveness and economic efficiency? Eg landfill tax & landfill diversion targets

# The importance of clear policy signals: Essential to incentivise innovation




**Source:** OECD (2010), *The Invention and Transfer of Environmental Technologies*

# The Importance of Pricing: Water Conservation (% ownership against water fee structure)




**Source**: OECD (2011), *Greening Household Behaviour. Based on a survey of 10,000 households across 10 countries.*

# Key challenges in OECD countries

- **Lack of data** on resource use, material flows and waste generation
  - Paucity and patchiness of data gathering
  - Data on hazardous waste generation very poor
  - Impacts on monitoring and enforcement of regulations
- Very little **ex-post analysis** done of economic, environmental and social outcomes
  - Can help to improve the targeting, design and implementation of resource management and waste policies
- Shifting to the **life cycle approach** of sustainable materials management
  - Challenge of adapting regulatory systems to address life cycle impacts

***www.oecd.org/env/* & *www.oecd.org/greengrowth***